



**REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN ST. LOUIS COUNTY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-06
January 21, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The annual review of audits of fire protection districts in St. Louis County has been completed. This review covered reports for the year ended December 31, 2001.

Fire Protection Districts in St. Louis County are required by statute to have biennial audits performed if revenues exceed \$50,000. The State Auditor received, reviewed and accepted twenty-two reports for the year ended December 31, 2001. While 5 of the 22 reports were received after the June 30, 2002, statutory deadline, untimely reporting decreased compared to prior years.

In 2001, 14 of the 22 districts had increases in their General Fund balances; however, the aggregate General Fund balance of all districts increased by only one percent. It appears the smaller increase was due to increases in salary and related costs and capital improvements.

In previous reviews it was noted that several districts had large General Fund balances in relation to expenditures. For 2001, thirteen districts had fund balance to expenditure ratios greater than one which indicated the districts' fund balance was greater than one year's cost of operations. Although many districts reserved a portion of their General Fund Balance for capital improvements and future years' operation, five still had unreserved fund balances greater than one year's cost of operations. While fire protection districts have improved in this area, they must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Also included in the report are specific recommendations made by the independent auditors to improve the overall management of the fire districts. These recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, budget, payroll and employee benefits. The individual districts should review all the recommendations and their applicability to their district.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
EXECUTIVE SUMMARY.....	4-9
SCOPE AND METHODOLOGY	10-13
SCHEDULES	14-27

<u>Schedule</u>	<u>Description</u>	
1	Comparative Schedule of Revenues, Expenditures, and Fund Balance - General Funds, Two Years Ended December 31, 2001	15
2	Comparative Schedule of Revenues, Expenditures, and Fund Balance - Special Revenue Funds - Ambulance, Two Years Ended December 31, 2001	16
3	Comparative Schedule of Revenues, Expenditures, and Fund Balance - Special Revenue Funds - Dispatching, Two Years Ended December 31, 2001	17
4	Comparative Schedule of Additions, Deductions, and Fund Balance - Fiduciary Funds (Pension Fund), Two Years Ended December 31, 2001	18
5	Comparative Schedule of Revenues, Expenditures, and Fund Balance - Capital Project Funds, Two Years Ended December 31, 2001	19
6	Schedule of Bond Obligations, Year Ended December 31, 2001	20
7	Schedule of General Fixed Assets	21

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

TABLE OF CONTENTS

	<u>Page</u>
SCHEDULES	14-27
<u>Schedule</u>	<u>Description</u>
8	Comparative Schedule of Assessed Valuation and Tax Levies, Two Years Ended December 31, 200122
9	Comparative Schedule of Fees for Audit Services, Two Years Ended December 31, 200123
10	Schedule of Total Compensation Paid to the Directors By District, Two Years Ended December 31, 200124
11	Summary of Management Letter Comments Issued by Auditors in Connection with the Audits of the Year Ended December 31, 200125
APPENDICES	28-31
<u>Appendix</u>	<u>Description</u>
A	Section 321.690, RSMo 200029
B	CSR, Title 15 - Elected Officials Division 40 - State Auditor, Chapter 4 - Audits of Fire Protection Districts in St. Louis and Greene Counties.....30

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in St. Louis County

Fire protection districts in St. Louis County are required by Section 321.690, RSMo 2000, to be audited. We have conducted a review of these independent audits of the fire protection districts in St. Louis County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and the State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in St. Louis County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts and any comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report includes an executive summary and a scope and methodology section describing what work was performed. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the St. Louis County fire protection districts.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

October 11, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Michael J. Monia

EXECUTIVE SUMMARY

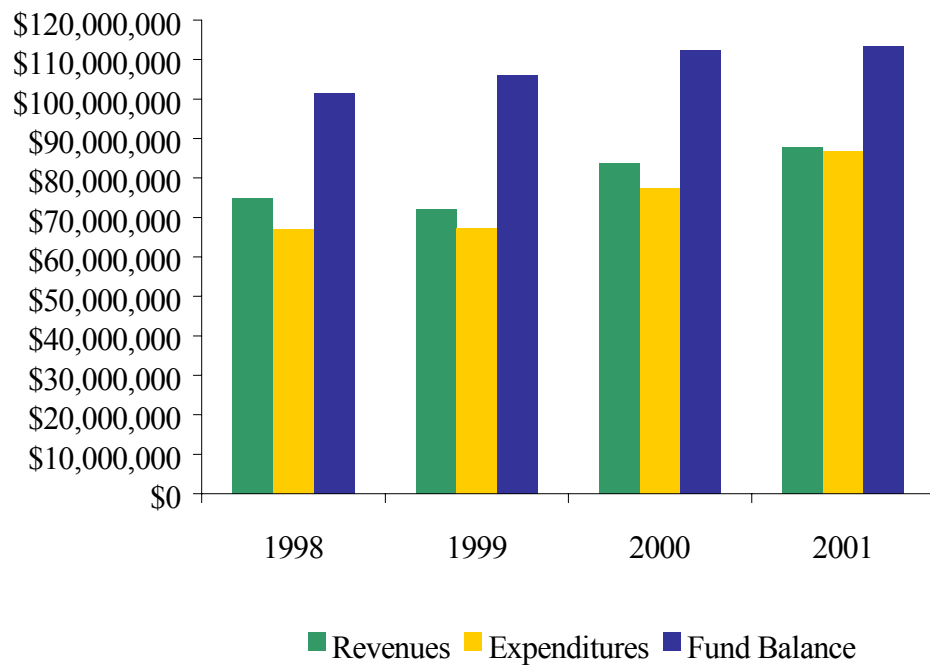
REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY
EXECUTIVE SUMMARY

Section 321.690, RSMo 2000, requires all fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement, if the appropriate reports are filed. Based on the tax rate and assessed valuation information available, the Kinloch Fire Protection District received approximately \$25,800 in tax receipts during 2001; therefore, while it appears a biennial audit was not required, unaudited financial statements are required to be filed.

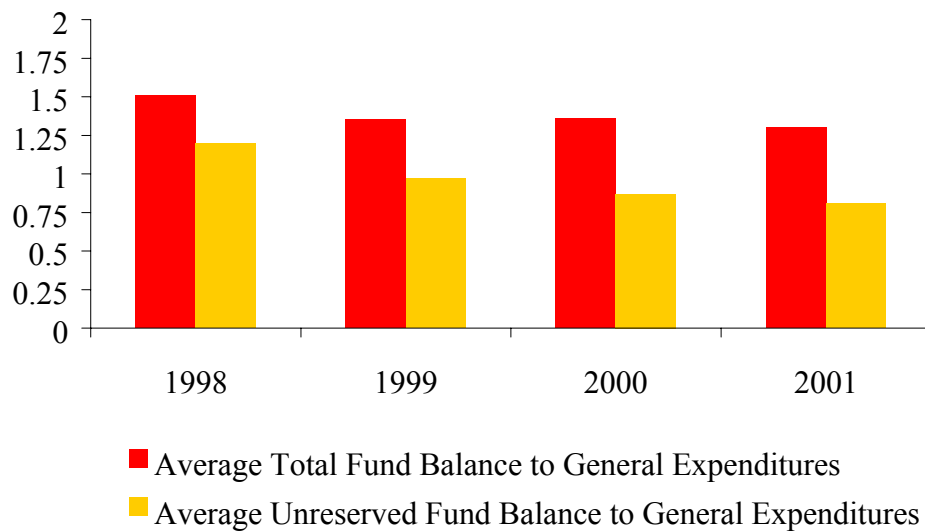
For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all 22 reports that were received for the year ended December 31, 2001. However, instances of non-compliance including the failure to include some needed compliance recommendations in the management letters and the lack of complete and adequate footnote disclosures were still noted. These problems were communicated to the applicable fire protection district auditors.

Untimely reporting has decreased compared to the year ended December 31, 2000. Five of the 22 reports were received after the June 30, 2002, statutory deadline; however, only one report was more than 11 days late. The audit report for Normandy Fire Protection District was received on September 19, 2002. While not only required by statute, timely audits also provide information to the board and district taxpayers on the financial status of the district and ways to improve the management of the district. Fire district board members should ensure that audits are completed by the statutory deadline.

Although 14 of 22 districts had increases in their General Fund balances in 2001, the aggregate increase was only one percent compared to annual increases of six to fifteen percent in 1991 to 2000. It appears the smaller increase was due to increases in salary and related costs and capital improvements. In addition, although assessed valuations increased an average of ten percent, most districts decreased their tax levies. One district had a voter approved increase in its General Fund tax levy. The following graph shows recent years' aggregate information.



In previous reviews, it was noted that several districts had large General Fund balances in relation to expenditures. The following graph shows the General Fund total fund balance to expenditures ratio as well as the ratio of unreserved fund balance to expenditures ratio.



Since property tax is the main source of revenue, and is received at the end of each year, districts need larger fund balances to provide an adequate cash flow. Thirteen districts, have ratios greater than one which indicates the total fund balance is greater than one year's cost of operations. In 2000, 17 districts had ratios greater than one. While fire districts have improved in this area, they must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

The following chart shows the total fund balance to General Fund expenditures ratio for each district for the last four years.

<u>District</u>	<u>Fund Balance To Expenditure Ratios</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Affton	1.41	1.47	1.40	0.84
Black Jack	1.08	1.10	1.09	0.96
Chesterfield	1.68	1.81	1.73	1.26
Community	0.98	0.96	1.04	1.20
Creve Coeur	3.07	3.45	3.31	2.52
Eureka	0.58	0.69	0.90	0.87
Fenton	1.62	1.20	1.37	1.50
Florissant Valley	1.13	1.23	1.06	1.39
Lemay	0.51	0.49	0.56	0.83
Maryland Heights	2.52	2.59	2.23	2.17
Mehlville	1.60	1.60	1.16	0.86
Metro West	1.19	0.84	1.02	0.91
Mid-County	0.97	0.83	0.93	0.93
Moline	0.94	0.90	0.83	0.92
Normandy	1.60	1.25	1.00	1.06
Pattonville/ Bridgeton Terrace	0.78	0.70	0.87	0.85
Riverview	1.30	1.34	1.53	1.44
Robertson	2.19	1.67	1.71	1.69
Spanish Lake	1.05	1.12	1.12	1.05
Valley Park	1.08	1.54	1.64	1.69
West County EMS	1.72	1.60	1.73	1.72
West Overland	1.19	1.32	1.76	1.86

Although a large number of districts have reserved a portion of their 2001 fund balances for new firehouses, additional equipment, future years' operations and other uses, five still have unreserved fund balances greater than one year's cost of operations. This is reflected in the chart below.

Unreserved Fund Balance to Expenditure Ratios

<u>District</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Affton	1.21	1.25	1.17	0.64
Black Jack	1.08	1.10	1.09	0.85
Chesterfield	1.68	0.65	0.75	0.45
Community	0.98	0.04	0.90	1.07
Creve Coeur	1.48	1.79	1.81	1.28
Eureka	0.58	0.69	0.90	0.87
Fenton	1.03	1.11	1.28	1.46
Florissant Valley	1.25	0.98	0.01	0.12
Lemay	0.51	0.49	0.56	0.83
Maryland Heights	2.49	2.34	1.06	0.95
Mehlville	1.16	1.08	0.82	0.62
Metro West	1.19	0.03	0.08	0.31
Mid-County	0.97	0.83	0.93	0.93
Moline	0.94	0.90	0.83	0.92
Normandy	1.18	1.04	0.35	0.32
Pattonville/ Bridgeton Terrace	0.78	0.74	0.87	0.84
Riverview	1.30	0.28	0.36	0.33
Robertson	2.19	1.67	1.71	0.79
Spanish Lake	1.05	1.12	1.12	1.05
Valley Park	1.08	1.54	1.39	1.49
West County EMS	0.97	0.37	0.40	0.81
West Overland	1.19	1.32	0.65	0.82

Fund balances of the Special Revenue Funds have remained constant or increased only slightly. While most fund balances appear reasonable, a few fire protection districts should assess their need for large balances. In addition, Maryland Heights and Mid-County Fire Protection Districts have negative balances in the Ambulance Fund and Dispatching Fund, respectively. While the CPA for Maryland Heights has made recommendations in his last three reports regarding the negative balance in the Ambulance Fund, the board had chosen not to make any changes.

Revenues of the Pension Funds decreased significantly in 2001, apparently as a result of significant losses in investment earnings. Deductions from such funds remained constant and the overall fund balances decreased five percent. Based on the audit reports, seven of the twelve districts with defined contribution plans have an unfunded liability.

There are thirteen districts that have Capital Projects Funds, with two districts establishing such funds in 2001. Capital Projects Funds are funded with bond proceeds and/or transfers from the other funds. The balances in these funds should be considered when analyzing the fund status of the district. Four districts that have total General Fund balance to expenditures ratios greater than one also have Capital Projects Funds with balances of over \$1 million. Maryland Heights Fire Protection District has maintained a negative fund balance for three years with no activity in this fund. The district should consider the necessity of maintaining this fund.

Several districts have outstanding debt; however, when setting their debt service levies each year, the districts should ensure amounts available and to be collected are sufficient only to meet necessary obligations.

Fire protection districts are continuing to add to their capital structure in building and equipment each year. In 2001, the asset balance of all districts increased by \$12.9 million or 13.7 percent. Mehlville Fire Protection District had an increase of \$3.3 million or 24.5 percent due to increases in buildings and improvements. Three other districts including Affton, Robertson, and Spanish Lake, had increases of over 43 percent due to new construction and equipment.

Assessed valuations continue to increase while tax levies remained fairly constant or decreased.

Audit fees have remained consistent for most districts. Pattonville/Bridgeton Terrace Fire Protection District's 2000 audit fee was for a two year audit whereas the 2001 audit fee was for a one year audit. The Robertson Fire Protection District audit fee was higher in 2000 due to the change of auditors from 1999 to 2000 and additional work requested in 2000.

Compensation to directors has increased in several districts due to a change in the statutes allowing directors additional compensation.

Independent auditors made specific recommendations to improve the overall management of fire districts. Recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, and other various policies and procedures. In addition, recommendations were made concerning budgets and payroll and employee benefits. Each fire district should review all of the recommendations and their applicability to their individual district. Consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY
SCOPE AND METHODOLOGY

Scope

At December 31, 2001, there were 23 fire protection districts in St. Louis County. Audit reports were received for 22 districts. The Kinloch Fire Protection District's receipts were less than \$50,000, so no audit report was required.

During our review we: 1) considered Section 321.690, RSMo 2000 (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the year ended December 31, 2001, 2) reviewed the supporting working papers of various independent auditors' reports for the year ended December 31, 2001 (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) obtained completed questionnaires from each of the fire protection districts regarding audit and other fees paid, and 4) verified dispatching fees paid by the fire protection districts with the service contract providers. In addition, financial data for the year ended December 31, 2000, has been presented for comparative purposes.

Methodology

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all resources except those accounted for in other funds.
- Schedule 2 presents revenues, expenditures, and fund balance for the Ambulance Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted for ambulance operations. In addition, some districts receive contract revenues and ambulance fees.
- Schedule 3 presents revenues, expenditures, and fund balance for the Dispatching Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted to the purchasing of dispatching services. This is commonly accomplished by means of a contractual agreement with outside entities which provide dispatching services for several districts.
- Schedule 4 presents additions, deductions, and fund balance for the Pension Funds in a combined format. This fiduciary fund accounts for assets held in trust by the fire district or by an outside agency for the payment of retirement benefits and long-term disability benefits to eligible fire fighters. The funds' primary sources of revenue are property taxes and investment income. There were four districts that reported a negative amount for additions,

resulting from a net decrease in the value of their investments. Other districts reflected this decrease as a deduction.

- Schedule 5 presents revenues, expenditures, and fund balance for the Capital Project Funds in a combined format. This fund is used to account for the revenues and expenditures needed to finance the acquisition or construction of capital assets and improvements. The primary sources of revenues for this fund are bond proceeds, investment income, and transfers from other funds.
- Schedule 6 presents the operations of the Debt Service Funds for the year ended December 31, 2001, the amount of bonds outstanding, and the debt obligations of the districts for 2002. This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest. The legal debt limit for a fire protection district is five percent of the fire protection district's assessed valuation. The reports submitted show that all fire protection districts with outstanding debt were within their statutory limits.
- Schedule 7 presents the General Fixed Asset balances of the districts at December 31, 2001, with comparative totals of general fixed assets at December 31, 2000. The schedule represents fixed assets acquired or constructed for general governmental purposes that are reported as expenditures in the fund that financed the acquisition or construction and capitalized at historical cost or estimated historical cost if actual historical cost is not available. Depreciation is usually not provided on general fixed assets; however, the Black Jack Fire Protection District did provide for depreciation over the useful lives of the general fixed assets. The total accumulated depreciation through December 31, 2001, was \$1,121,424.
- Schedule 8 presents the assessed valuations of the individual fire protection districts as well as tax levies for each of the districts' various funds as reported in the audit reports.
- Schedule 9 is a listing of the audit fees for each fire protection district. This information was obtained from a questionnaire sent to the districts.
- Schedule 10 is a listing of total compensation paid to the directors by each district during the year ended December 31, 2001 and 2000. The independent audit reports included the names of the principal officeholders during the year ended December 31, 2001 and 2000 and the compensation received by each official in the performance of his or her duty as established by Section 321.190, RSMo 2000. There were instances when more than three names would be listed; however, this was due to a change in the officials serving on the board.
- Schedule 11 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters received by the State Auditor. These comments apply to individual fire protection districts unless otherwise noted. These comments extracted from the reports and management letters were not verified by the State Auditor's Office via additional audit procedures for accuracy, validity, or completeness.

Interfund and equity transfers are included in the revenue and expenditure numbers on Schedules 1 through 6. Schedules 1, 2, 3, 5 and 6 represent governmental type funds and are accounted for on the modified accrual basis of accounting. The modified accrual basis recognizes revenues in the period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Schedule 4 represents a fiduciary fund and is accounted for on the accrual basis of accounting. The accrual basis recognizes revenues when they are earned and expenses when they are incurred.

Limitations

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and was not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are:

- 1) The Pension Fund is presented differently by the fire districts. Ten districts offer defined contribution plans and seven offer defined benefit plans. Five districts offer both types.
- 2) Some districts may have major bond issues and related Capital Project Funds.
- 3) Some districts collect user fees and others may not.
- 4) Some districts have significant transfers to and from funds which causes disparity in comparison.
- 5) Some districts account for capital improvements and large asset purchases in the General Fund while others have a Capital Project Fund.

SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 GENERAL FUNDS

District	Year Ended December 31,							
	2000				2001			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Afton	\$ 3,159,872	2,560,782	2,387,210	3,333,444	0	2,584,796	3,208,496	2,709,744
Black Jack	3,471,169	3,294,774	3,237,444	3,528,499	0	3,689,773	3,685,074	3,533,198
Chesterfield	10,955,015	8,138,903	6,992,863	12,101,055	0	8,474,608	9,119,196	11,456,467
Community	3,406,253	4,393,659	3,832,659	3,967,253	116,893	4,951,353	4,103,602	4,931,897
Creve Coeur	18,193,393	7,322,465	5,922,252	19,593,606	0	7,353,658	7,665,072	19,282,192
Eureka	869,787	1,739,465	1,373,030	1,236,222	0	1,727,659	1,585,794	1,378,087
Fenton	4,286,104	3,513,372	3,285,488	4,513,988	0	4,169,287	3,470,772	5,212,503
Florissant Valley	4,415,034	3,784,502	3,974,976	4,224,560	0	4,794,329	3,777,979	5,240,910
Lemay	666,507	1,375,333	1,326,587	715,253	0	1,508,971	1,216,953	1,007,271
Maryland Heights	9,891,463	4,984,086	4,606,661	10,268,888	0	5,051,622	4,838,076	10,482,434
Mehlville	14,464,840	10,812,791	11,725,925	13,551,706	0	10,932,578	13,154,296	11,329,988
Metro West	6,454,495	7,256,734	6,783,553	6,927,676	0	7,479,528	7,530,968	6,876,236
Mid-County	1,417,959	2,188,628	1,866,778	1,739,809	(24,068)	2,025,299	1,942,400	1,798,640
Moline	1,168,224	1,306,113	1,354,918	1,119,419	0	1,341,884	1,284,951	1,176,352
Normandy	2,281,656	1,759,363	2,018,215	2,022,804	0	1,798,793	1,854,481	1,967,116
Pattonville/Bridgeton Terrace	3,370,408	5,519,155	4,747,341	4,142,222	0	5,706,228	5,327,086	4,521,364
Riverview	1,938,077	1,603,517	1,402,064	2,139,530	0	1,583,276	1,527,946	2,194,860
Robertson	4,095,878	2,767,295	2,530,304	4,332,869	0	3,113,803	2,765,318	4,681,354
Spanish Lake	2,046,507	1,952,152	1,888,742	2,109,917	0	1,993,718	2,004,869	2,098,766
Valley Park	1,511,536	1,197,850	1,028,087	1,681,299	0	1,352,843	1,127,965	1,906,178
West County EMS	6,307,850	4,911,999	4,116,917	7,102,932	0	4,740,735	4,350,564	7,493,103
West Overland	1,631,089	1,457,640	1,118,373	1,970,356	0	1,421,627	1,187,497	2,204,486
Total	\$ 106,003,116	83,840,578	77,520,387	112,323,307	92,825	87,796,368	86,729,355	113,483,146

* Prior period adjustments made by the CPA firms.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE
 SPECIAL REVENUE FUNDS-AMBULANCE

District	Year Ended December 31,							
	2000				2001			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 823,812	1,000,638	604,314	1,220,136	0	1,246,686	755,059	1,711,763
Black Jack	0	0	0	0	0	0	0	0
Chesterfield	5,336,877	4,708,571	4,836,676	5,208,772	0	4,889,147	4,179,608	5,918,311
Community	1,045,326	1,181,451	1,062,816	1,163,961	0	1,349,688	1,118,504	1,395,145
Creve Coeur	236,140	2,425,983	2,662,123	0	0	3,412,029	3,412,029	0
Eureka	723,848	859,455	862,001	721,302	0	969,877	972,235	718,944
Fenton	2,391,111	2,068,881	2,477,736	1,982,256	0	2,309,486	1,982,026	2,309,716
Florissant Valley	1,021,253	1,535,709	2,315,378	241,584	0	2,380,216	2,133,070	488,730
Lemay	430,476	480,530	573,479	337,527	67,000	669,681	592,183	482,025
Maryland Heights	(987,090)	1,179,183	1,050,468	(858,375)	0	1,168,215	1,106,476	(796,636)
Mehlville	3,853,999	3,540,001	3,673,468	3,720,532	0	3,873,096	4,112,904	3,480,724
Metro West	3,230,757	3,679,331	3,341,006	3,569,082	0	3,797,854	3,837,599	3,529,337
Mid-County	(37,741)	253,765	216,024	0	0	215,945	215,945	0
Moline	0	0	0	0	0	0	0	0
Normandy	503,480	628,374	526,377	605,477	0	697,433	598,738	704,172
Pattonville/Bridgeton Terrace	1,481,948	2,110,256	1,634,268	1,957,936	0	2,063,431	1,762,278	2,259,089
Riverview	0	0	0	0	0	0	0	0
Robertson	2	1,304,956	1,116,528	188,430	0	1,448,731	1,142,818	494,343
Spanish Lake	0	0	0	0	0	0	0	0
Valley Park	538,692	546,100	500,610	584,182	0	594,304	531,491	646,995
West County EMS	2,325,157	2,095,253	1,622,431	2,797,979	0	2,164,463	1,970,928	2,991,514
West Overland	254,454	661,277	625,273	290,458	0	583,204	605,790	267,872
Total	\$ 23,172,501	30,259,714	29,700,976	23,731,239	67,000	33,833,486	31,029,681	26,602,044

* Prior period adjustments made by the CPA firms.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARTIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE-
 SPECIAL REVENUE FUNDS-DISPATCHING

District	Year Ended December 31,							
	2000				2001			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 126,563	112,320	113,759	125,124	0	114,404	109,509	130,019
Black Jack	86,058	218,850	304,908	0	0	165,826	165,826	0
Chesterfield	295,591	423,059	319,375	399,275	0	595,159	306,917	687,517
Community	10	127,953	127,953	10	0	138,824	138,824	10
Creve Coeur	0	303,349	303,349	0	0	505,882	327,878	178,004
Eureka	0	65,917	65,917	0	0	65,301	65,301	0
Fenton	691,533	280,284	289,491	682,326	0	311,163	382,410	611,079
Florissant Valley	254,065	202,306	163,529	292,842	0	211,341	123,719	380,464
Lemay	25,599	32,610	51,544	6,665	0	52,858	47,204	12,320
Maryland Heights	104,824	282,553	188,007	199,370	0	273,926	238,136	235,160
Mehlville	832,487	385,075	489,941	727,621	0	707,050	493,094	941,577
Metro West	147,963	351,065	262,850	236,178	0	359,970	333,520	262,628
Mid-County	0	42,053	40,992	1,061	(3,218)	56,679	54,561	(39)
Moline	0	31,069	31,069	0	0	31,209	31,208	1
Normandy	0	62,614	62,614	0	0	66,522	66,522	0
Pattonville/Bridgeton Terrace	204,060	347,362	265,115	286,307	0	293,899	293,899	286,307
Riverview	0	50,025	50,025	0	0	50,494	50,494	0
Robertson	0	127,462	126,253	1,209	0	141,285	100,753	41,741
Spanish Lake	36,426	57,408	53,157	40,677	0	58,171	60,344	38,504
Valley Park	38,226	52,318	52,831	37,713	0	56,944	49,840	44,817
West County EMS	69,092	167,221	137,483	98,830	0	231,984	167,276	163,538
West Overland	59	77,678	77,678	59	0	90,675	73,166	17,568
Total	\$ 2,912,556	3,800,551	3,577,840	3,135,267	(3,218)	4,579,566	3,680,401	4,031,215

* Prior period adjustments made by the CPA firms.

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ADDITIONS, DEDUCTIONS, AND FUND BALANCE-
 FIDUCIARY FUNDS (PENSION FUND)

District	Year Ended December 31,						
	2000				2001		
	Beginning Fund Balance	Additions	Deductions	Ending Fund Balance	Additions	Deductions	Ending Fund Balance
Affton	\$ 5,784,757	405,018	1,688,652	4,501,123	(85,652)	442,757	3,972,714
Black Jack	2,269,600	621,781	178,255	2,713,126	442,125	110,030	3,045,221
Chesterfield	24,637,341	(298,631)	1,139,618	23,199,092	(1,352,599)	1,702,011	20,144,482
Community	7,325,482	380,234	339,058	7,366,658	481,532	1,457,494	6,390,696
Creve Coeur	18,925,604	2,540,091	2,798,960	18,666,735	1,715,098	2,504,076	17,877,757
Eureka	2,287,846	389,545	40,047	2,637,344	555,220	70,081	3,122,483
Fenton	13,994,683	1,531,828	373,697	15,152,814	1,538,274	2,591,723	14,099,365
Florissant Valley	4,722,727	905,006	506,011	5,121,722	675,695	426,922	5,370,495
Lemay	141,546	134,430	124,591	151,385	147,504	142,566	156,323
Maryland Heights	10,334,488	7,407	807,628	9,534,267	(224,607)	110,153	9,199,507
Mehlville	34,615,395	3,486,892	1,564,462	36,537,825	421,114	1,228,080	35,730,859
Metro West	17,450,282	953,538	451,308	17,952,512	233,757	481,307	17,704,962
Mid-County	1,144,274	6,079	61,825	1,088,528	13,403	89,500	1,012,431
Moline	3,070,050	338,379	10,729	3,397,700	260,014	196,484	3,461,230
Normandy	197,339	157,834	189,773	165,400	167,184	127,304	205,280
Pattonville/Bridgeton Terrace	11,028,071	1,148,188	1,214,442	10,961,817	547,957	1,924,085	9,585,689
Riverview	2,637,727	263,572	852,249	2,049,050	153,464	287,852	1,914,662
Robertson	5,467,278	231,078	979,639	4,718,717	256,875	494,175	4,481,417
Spanish Lake	5,676,475	(118,877)	9,571	5,548,027	(312,158)	10,940	5,224,929
Valley Park	1,116,328	221,568	122,588	1,215,308	209,925	110,270	1,314,963
West County EMS	1,691,637	686,771	606,986	1,771,422	726,268	734,939	1,762,751
West Overland	5,028,616	310,829	218,454	5,120,991	86,144	529,281	4,677,854
Total	\$ 179,547,546	14,302,560	14,278,543	179,571,563	6,656,537	15,772,030	170,456,070

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND FUND BALANCE-
 CAPITAL PROJECT FUNDS

		Year Ended December 31,						
		2000				2001		
District		Beginning	Revenues	Expenditures	Ending	Revenues	Expenditures	Ending
		Fund Balance			Fund Balance			Fund Balance
Affton	\$	0	0	0	0	763,640	763,640	0
Black Jack		402,206	35,647	0	437,853	3,322	0	441,175
Chesterfield		328,870	365,361	681,493	12,738	326,238	322,402	16,574
Community		0	0	0	0	0	0	0
Creve Coeur		0	0	0	0	0	0	0
Eureka		3,756,449	190,304	1,901,353	2,045,400	233,755	764,666	1,514,489
Fenton		0	0	0	0	0	0	0
Florissant Valley		0	0	0	0	0	0	0
Lemay		0	0	0	0	0	0	0
Maryland Heights		(65,374)	0	0	(65,374)	0	0	(65,374)
Mehlville		283,442	4,099,967	2,347,128	2,036,281	59,103	2,009,745	85,639
Metro West		1,620,818	1,231,775	1,026,457	1,826,136	1,562,731	636,549	2,752,318
Mid-County		0	0	0	0	0	0	0
Moline		51,973	1,053	5,392	47,634	802	8,913	39,523
Normandy		0	0	0	0	0	0	0
Pattonville/Bridgeton Terrace		1,002,066	64,930	722,963	344,033	7,262	250,972	100,323
Riverview		0	998,898	23,603	975,295	38,786	22,716	991,365
Robertson		0	3,669,893	598,077	3,071,816	121,784	1,929,644	1,263,956
Spanish Lake		0	2,989,069	156,302	2,832,767	84,229	836,905	2,080,091
Valley Park		0	0	0	0	0	0	0
West County EMS		0	0	0	0	5,045,125	980,810	4,064,315
West Overland		0	0	0	0	0	0	0
Total	\$	7,380,450	13,646,897	7,462,768	13,564,579	8,246,777	8,526,962	13,284,394

Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 SCHEDULE OF BOND OBLIGATIONS
 YEAR ENDED DECEMBER 31, 2001

District	Fund Balance December 31, 2000	Revenues	Expenditures and Transfers Out	Fund Balance December 31, 2001	2002 Obligations	Outstanding Bonds at December 31, 2001
Affton	\$ 0	0	0	0	0	0
Black Jack	0	0	0	0	0	0
Chesterfield	935,280	443,639	426,944	951,975	300,000	2,425,000
Community	0	0	0	0	0	0
Creve Coeur	0	0	0	0	0	0
Eureka	307,069	348,439	271,923	383,585	125,000	3,265,000
Fenton	0	0	0	0	0	0
Florissant Valley	0	0	0	0	0	0
Lemay	331,098	119,174	154,671	295,602	152,655	675,000
Maryland Heights	596,191	67,618	272,164	391,645	270,000	270,000
Mehlville	0	0	0	0	0	0
Metro West	0	0	0	0	0	0
Mid-County	0	0	0	0	0	0
Moline	132,918	70,602	65,595	137,925	60,000	60,000
Normandy	80,086	64,302	71,234	73,154	45,000	230,000
Pattonville/Bridgeton Terrace	354,406	271,346	130,363	495,389	250,000	1,525,000
Riverview	3,657	170,390	0	174,047	70,000	1,000,000
Robertson	435,696	527,545	338,905	624,336	175,000	3,450,000
Spanish Lake	275,525	284,593	281,975	278,143	140,000	2,925,000
Valley Park	120,443	75,605	67,157	128,891	50,000	375,000
West County EMS	0	964,865	0	964,865	450,000	5,000,000
West Overland	0	0	0	0	0	0
Total	\$ 3,572,369	3,408,118	2,080,931	4,899,557	2,087,655	21,200,000

Schedule 7

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF GENERAL FIXED ASSETS

District	December 31, 2001			December 31, 2000
	Land and Building	Furniture and Equipment	Total	Total
Affton	\$ 1,188,372	1,520,846	2,709,218	1,757,429
Black Jack	805,496	1,421,720	2,227,216	2,175,711
Chesterfield	11,356,725	5,263,780	16,620,505	15,125,010
Community	276,870	1,660,297	1,937,167	1,850,904
Creve Coeur	4,862,131	4,150,322	9,012,453	7,118,625
Eureka	3,268,521	2,884,771	6,153,292	5,394,040
Fenton	3,791,088	2,600,986	6,392,074	6,229,997
Florissant Valley	1,487,251	2,512,225	3,999,476	3,942,036
Lemay	1,776,720	801,887	2,578,607	2,564,000
Maryland Heights	3,518,003	3,391,815	6,909,818	6,509,584
Mehlville	8,921,149	8,248,344	17,169,493	13,787,574
Metro West	6,105,296	4,982,818	11,088,114	10,074,364
Mid-County	759,220	985,881	1,745,101	1,742,870
Moline	184,247	667,129	851,376	842,658
Normandy	105,286	2,396,103	2,501,389	2,344,346
Pattonville/Bridgeton Terrace	3,657,976	3,120,448	6,778,424	6,419,889
Riverview	1,146,615	715,796	1,862,411	1,839,721
Robertson	2,698,459	2,476,123	5,174,582	3,601,290
Spanish Lake	932,754	1,317,528	2,250,282	1,569,278
Valley Park	1,097,909	1,259,193	2,357,102	2,318,256
West County EMS	2,263,018	2,900,679	5,163,697	4,228,840
West Overland	220,944	1,161,145	1,382,089	1,361,578
Total	\$ 60,424,050	56,439,836	116,863,886	102,798,000

Schedule 8

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 SCHEDULE OF ASSESSED VALUATION AND TAX LEVIES
 YEARS ENDED DECEMBER 31, 2001 AND 2000

District	Assessed Valuation		Tax Levy per \$100 of Assessed Valuation											
	2001	2000	Total		General		Pension		Dispatching		Ambulance		Debt Service	
			2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Affton	\$ 406,406,997	348,255,412	0.8880	0.9400	0.6060	0.6400	0.0660	0.0700	0.0280	0.0300	0.1880	0.2000	0.0000	0.0000
Black Jack	467,105,034	441,112,375	0.8830	0.9000	0.7440	0.7500	0.0990	0.1000	0.0400	0.0500	0.0000	0.0000	0.0000	0.0000
Chesterfield	1,567,207,832	1,371,312,470	0.9950	1.0190	0.5170	0.5390	0.0950	0.1000	0.0400	0.0300	0.3160	0.3200	0.0270	0.0300
Community	488,270,954	446,595,247	1.3250	1.3800	0.9610	1.0000	0.0960	0.1000	0.0280	0.0300	0.2400	0.2500	0.0000	0.0000
Creve Coeur	1,093,245,906	987,642,410	0.9770	1.0100	0.5830	0.6100	0.1400	0.1500	0.0470	0.0300	0.2070	0.2200	0.0000	0.0000
Eureka	233,280,081	208,407,327	2.1410	1.3230	0.7150	0.7440	0.9600	0.1000	0.0280	0.0300	0.2880	0.2990	0.1500	0.1500
Fenton	884,965,462	761,550,991	0.7400	0.7400	0.3800	0.3800	0.1000	0.1000	0.0300	0.0300	0.2300	0.2300	0.0000	0.0000
Florissant Valley	674,794,562	637,318,003	0.9660	0.8300	0.6900	0.5500	0.0980	0.1000	0.0300	0.0300	0.1480	0.1500	0.0000	0.0000
Lemay	145,291,497	131,660,642	1.3000	1.4800	0.9600	0.9900	0.1000*	0.1000	0.0300	0.0200	0.2200	0.2300	0.0900	0.1400
Maryland Heights	566,481,855	534,037,686	1.0690	1.1500	0.7800	0.8000	0.1260	0.1300	0.0480	0.0500	0.1070	0.1100	0.0080	0.0600
Mehlville	1,717,583,697	1,562,968,054	0.9200	0.9200	0.5650	0.5900	0.0950	0.1000	0.0400	0.0200	0.2200	0.2100	0.0000	0.0000
Metro West	1,269,100,580	1,157,078,875	0.9720	1.0210	0.5540	0.5810	0.1040	0.1100	0.0280	0.0300	0.2860	0.3000	0.0000	0.0000
Mid-County	122,483,576	122,426,529	1.6300	1.6300	1.3500	1.3500	0.1000	0.1000	0.0300	0.0300	0.1500	0.1500	0.0000	0.0000
Moline	112,914,114	104,431,181	1.4300	1.5000	1.1990	1.2500	0.1430	0.1500	0.0280	0.0300	0.0000	0.0000	0.0600	0.0700
Normandy	173,232,525	168,245,394	1.4800	1.4700	1.0000	1.0000	0.1000	0.1000	0.0400	0.0400	0.3000	0.3000	0.0400	0.0300
Pattonville/Bridgeton Terrace	677,451,125	622,508,792	1.1680	1.2060	0.7100	0.7320	0.1450	0.1500	0.0400	0.0500	0.2360	0.2440	0.0370	0.0300
Riverview	130,542,349	121,763,354	1.5000	1.4000	1.2040	1.2500	0.1060	0.1100	0.0400	0.0400	0.0000	0.0000	0.1500	0.0000
Robertson	343,427,350	309,501,376	1.5550	1.5500	0.7780	0.7700	0.1970	0.2000	0.0400	0.0400	0.3900	0.3900	0.1500	0.1500
Spanish Lake	155,249,731	146,206,107	1.5970	1.6590	1.2180	1.2500	0.1460	0.1500	0.0390	0.0400	0.0000	0.0000	0.1940	0.2190
Valley Park	192,735,717	169,319,389	1.1000	1.1200	0.6400	0.6500	0.1000	0.1000	0.0300	0.0300	0.2900	0.3000	0.0400	0.0400
West County EMS	560,524,663	519,833,005	0.9250	0.7400	0.4460	0.4600	0.0700	0.0600	0.0400	0.0300	0.1890	0.1900	0.1800	0.0000
West Overland	168,269,464	169,364,202	1.1540	1.1400	0.7040	0.7000	0.1500	0.1500	0.0500	0.0400	0.2500	0.2500	0.0000	0.0000

* In 2001, the Lemay Fire Protection District levied .0027 in excess of the Pension Fund levy approved by the State Auditor's Office. In 2002, the district was in compliance with the levy approved and took a voluntary reduction to repay the excess amount collected in 2001.

Schedule 9

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF FEES FOR AUDIT SERVICES

District	2001 Audit Fees	2000 Audit Fees
Affton	\$ 6,800	6,600
Black Jack	8,400	6,000
Chesterfield	9,500	10,500
Community	6,000	6,000
Creve Coeur	13,700	13,250
Eureka	4,300	4,490
Fenton	5,500	6,600
Florissant Valley	5,275	4,975
Lemay	3,675	3,550
Maryland Heights	6,100	4,865
Mehlville	10,500	9,500
Metro West	12,527	12,282
Mid-County	4,950	4,750
Moline	4,575	4,095
Normandy	4,525	4,525
Pattonville/Bridgeton Terrace	9,500	15,000
Riverview	2,100	2,100
Robertson	5,017	19,800
Spanish Lake	6,000	7,500
Valley Park	6,400	6,400
West County EMS	5,000	6,500
West Overland	4,300	4,475

Schedule 10

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2001	2000
Affton	\$ 9,000	8,300
Black Jack	21,867	9,100
Chesterfield	18,167	18,849
Community	20,033	23,200
Creve Coeur	22,400	20,800
Eureka	6,900	6,900
Fenton	11,550	11,100
Florissant Valley	31,800	25,383
Lemay	10,200	8,567
Maryland Heights	19,850	14,017
Mehlville	15,329	16,296
Metro West	11,541	13,450
Mid-County	28,600	26,076
Moline	29,600	29,600
Normandy	21,366	13,366
Pattonville/Bridgeton Terrace	23,785	16,633
Riverview	21,200	17,596
Robertson	14,550	20,383
Spanish Lake	23,700	18,200
Valley Park	13,550	11,750
West County EMS	23,717	16,675
West Overland	22,407	21,209

Schedule 11

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR ENDED DECEMBER 31, 2001

Expenditures/Purchasing

- Clothing allowances were not included on the Form W-2 each year.
- Invoices were not cancelled or stamped paid after payment was made.
- Meal reimbursement requests were not being submitted with a stated business purpose or names of persons in attendance.

Accounting Records and Procedures

- The accounting records service provider did not provide financial information, including journals, general ledgers, bank reconciliations and monthly financial statements in a timely manner.
- The accountant did not reconcile all bank accounts nor were the accounts reconciled to the month end financial statements.
- The general ledger was in balance but the individual funds were not.
- Three districts did not have a written accounting procedures manual.
- There was no formal written conflict of interest policy.
- A system was not established for reconciling ambulance billings to actual amounts later collected or written off as uncollectable.
- The bookkeeper did not prepare and post cash to accrual adjustments prior to the audit commencing.
- Book balances were different from the auditor's beginning general ledger account balances.
- All audit adjustments were not posted.
- Operating transfer accounts were not established for the general and dispatching funds.
- Segregation of duties was not established for receipt and disbursement procedures.

- The board did not review the bank reconciliations prepared by the district accountant on a periodic basis.
- Amounts withheld for a pre-tax savings plan to amounts remitted to the plan administrator were not reconciled.

Investments and Pensions

- Investment earnings were not maximized.
- Pension valuation reports were not prepared timely.
- Changes from the quarterly investment statements were not recorded on the internal financial statements.
- Health care costs were paid from the pension fund without consulting with the attorney.

Fixed Assets and Capital Improvements

- A detailed permanent record of fixed assets was not maintained and physical inventories were not performed in 10 districts.
- A formal policy for capitalizing fixed assets was not maintained.
- A district should consider the appropriateness of continuing to maintain a capital projects fund in light of current plans for the acquisition of major fixed assets.
- Formal long-term plans for capital replacement and acquisition were not established.

Budgets

- Two districts' budget documents did not contain all of the required components as specified by Chapter 67 RSMo.
- The budget did not contain provisions to eliminate the deficit fund balance at the beginning of the year in the Ambulance Fund.
- Expenditures for seven districts exceeded the budgetary appropriations in various funds.
- A budget was not prepared for the Capital Projects Fund.
- Budget amendments were not adequately documented and approved by the Board of Directors.

Payroll and Employee Benefits

- The vacation policy did not clearly document how vacation time can be earned or if vacation time can be carried forward into the following year.
- W-2 forms were prepared incorrectly.

Pledged Securities

- A component unit had bank deposits that were uninsured or uncollateralized.
- A banking and collateral pledge agreement was not established with the banking institution.

Unclaimed Property

- Several checks outstanding for over one year were written off, but had not been turned over to the state under the Unclaimed Property law.

GASB 34

- It was recommended in five districts that they plan for the adoption of Governmental Accounting Standards Board, Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments.
- Packaged general ledger and accounting software can not be upgraded for GASB 34.

Insurance

- The self-funded health insurance plan appeared to be poorly written.

Minutes

- Minutes were not always maintained for all board meetings.

APPENDICES

Missouri Revised Statutes

Chapter 321 Fire Protection Districts Section 321.690

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

Title 15—ELECTED OFFICIALS**Division 40—State Auditor
Chapter 4—Audits of Fire Protection
Districts in St. Louis and Greene
Counties****15 CSR 40-4.010 Requirements for Districts**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.020 Standards for Auditing and Financial Reporting

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.030 Contents of Audit Reports

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and



(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one (1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: *The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.*

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*